STATE OF NEW-YORK.

No. 2.

IN SENATE,

January 6, 1836.

MESSAGE

From the Governor, relative to the relief to be given to the city of New-York.

TO THE SENATE AND ASSEMBLY.

GENTLEMEN;

The situation of that portion of our constituents who have been directly affected by the recent destructive fire in the city of New-York, requires your immediate attention. Unless your aid is promptly interposed, the consequences of this disaster will soon become more severe and extensive. The citizens of New-York appointed a committee to confer with me in relation to the relief to be afforded by the State in this great emergency. Their views on this subject are presented in a communication addressed to me, which I herewith transmit to you, with a request that it should receive your early attention. Several projects for relief accompanied the communication of the committee, and I have deemed it proper to transmit them also along with it, that you may be apprised of the various modes of giving relief which have been suggested.

It is of the first importance that the claims on the insurance companies for losses should be speedily adjusted. Many of the merchants who have these claims, depend principally upon the payment of them for the means of again commencing business, and they are exceedingly anxious to have them settled as soon as practicable. The memorial from the common council and citizens of New-York on this subject, will require your immediate considera-

tion. It appears by the accompanying statement of the committee, that about one half of the insurance companies have become insolvent in consequence of their heavy losses, and that most of those that are not so, are, from the same cause, very much embarrassed.

A very large amount of property in New-York usually kept under insurance, is now in effect without it, in consequence of the failure and embarrassment of these institutions, and the owners at this time feel a peculiar uneasiness on this account. It is proper that you should give them the means of effecting safe insurances without obliging them to go abroad for that purpose. Your attention ought therefore to be particularly directed to this object. Where it is practicable to re-organize the old companies, it seems to me to be advisable to do so; and if new companies should be required, I see no objections to granting charters for them: but in resuscitating the old, and in creating new companies, you ought to confer only the rights and powers appropriate to the business of insurance, and carefully restrain them from using any other.

The corporation of the city of New-York, it is understood, will apply to you for authority to raise six millions of dollars, to be used principally in purchasing, or advancing money on, the bonds which have been taken by the insurance companies on the investment of their capitals. I cannot anticipate any objection to this measure, and I hope there will be no delay in acting on it.

The immense destruction of property by the fire may render further measures of relief necessary. There appears to be a considerable diversity of opinion as to what should be the nature and character of them. Such measures should have reference to the peculiar circumstances of the case. The embarrassment caused by the disaster will only be temporary, and the measures of relief should therefore be of a similar character. In addition to the measures already mentioned, it is generally suggested that an increase of capital, or of bank accommodations, will be necessary to enable the commercial community to sustain, in a proper manner, the pressure caused by their heavy losses.

The banks in the city of New-York have now about one million of the surplus moneys belonging to the Canal fund. The Commissioners of that fund are authorized to borrow eight hundred and sixty thousand dollars for the completion of the Chenango canal. No considerable part of this sum will be wanted until after some

part of the tolls of next year shall have been received. If the Commissioners should immediately issue the stock for this loan, they would be enabled, by this means and by using some other stock under their control, to place in the banks of New-York, including the sum now loaned to them, two millions of dollars, without producing any inconvenience to the pecuniary affairs of the other parts of the State. The accruing tolls of the Erie and Champlain canals can be applied to finish the Chenango canal, and the portion of the two millions belonging to this canal, can, at the same time be transferred to the Erie and Champlain Canal fund, and thus the whole two millions become a part of the surplus revenue of that fund. The debt for the payment of which this surplus is pledged, will not be due till 1837 and 1845. The whole of the two millions can therefore be loaned to the banks in the city of New-York until July, 1837, and if necessary, the principal part of it continued until July, 1845. To give greater efficiency to this sum in affording relief, it might be distributed among the Safety Fund banks in that city, with authority to each of them to regard the portion it may receive as so much increase of capital, and to discount on it as such for the time they may retain the loan, or for such a period as you may think proper to designate. This arrangement would give these banks the privilege to extend their accommodations five millions beyond the amount they are now authorized to discount. Although these banks might not be able to avail themselves of this privilege to the full extent, they could undoubtedly increase their accommodations three or four millions.

If this and the other measures should not be adequate to the exigencies of the crisis, the abilities of these banks might be still further enlarged under proper limitations, as to amount and time, in case they should become the borrowers for any specified time less than a year, of any portion of the moneys which the city may raise under the authority proposed to be given to it, or if they should procure funds for a similar period from any foreign source.

In these or any other measures suitable to the case, and calculated to give speedy and effectual relief to our fellow-citizens of New-York, I shall give you my cordial co-operation.

W. L. MARCY.

Albany, 6th January, 1836.

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Documents accompanying the Message.

COMMUNICATION FROM THE NEW-YORK COMMITTEE.

Albany, January 2, 1836.

His Excellency Gov. MARCY.

SIR,

The committee appointed by the citizens of New-York, to confer with your Excellency in relation to the calamity which has befallen their city in the destructive conflagration of the 16th and 17th ultimo, beg leave to repeat in this form, the substance of the remarks and statements which have been verbally made to your Excellency on this interesting subject.

The deep sympathy which has been expressed in the principal cities of the Union on this afflicting event, which, falling immediately on our city, will be felt in every part of the State of New-York; the generous interest in our welfare, and desire to afford the most effectual relief, evinced in the recent proceedings of our sister cities of Albany and Utica; and the solicitude manifested by yourself, and the other members of the State government, to co-operate in any measures of assistance and relief which may be adopted by the Legislature, encourage us to hope that the distress and difficulty arising from this disaster, unprecedented in extent, and appalling as it may have appeared at first, will be speedily removed: and the remembrance of our present misfortune serve only as a cause of exultation for the fortitude evinced by our own citizens under its pressure, and their energy in recovering from its effects, and of gratitude for the liberal aid which will have been extended to us in all quarters in the hour of adversity.

The resources of the city of New-York, and the enterprise and perseverance of its inhabitants, are a sure guarantee that she will soon recover from the effects of this calamity, and the present scene of devastation be restored to its wonted activity and splendor; but it may be readily imagined that the doubt and uncertainty arising from the conflicting interests of individuals and associations, may require the interference of the Legislature to expedite legal proceedings, and avoid expense; and the difficulty of rendering available our resources, justify us in appealing to their liberality to afford temporary relief to the sufferers.

To accomplish these objects, and to carry out the beneficent in-

tentions of our fellow-citizens throughout the State, the committee would respectfully suggest the adoption of the following measures:

1. The passage of a law to enable the fire insurance companies who have become insolvent by the late fire, to settle with the claimants for losses in a more summary and less expensive manner than is now prescribed by law.

For this object, the draft of a law recommended by a sub-committee of the general committee of citizens, is herewith submitted, which has been prepared under the direction of gentlemen of eminent legal reputation. In addition to this law, we would suggest a provision to compel the insured on unexpired policies issued by the insolvent companies, to surrender the same, and to receive back the amount of their unearned premium.

The number of fire insurance companies in the city of New-York and Brooklyn is twenty-eight, with an aggregate capital of about nine and an half millions. Of this number, fourteen, whose capital stocks jointly amount to upwards of five millions, have become insolvent by the fire, and it is apprehended will not be able to pay more than from fifty to sixty per cent of their losses. The remaining fourteen have all suffered in a greater or lesser proportion, but it is hoped they will be able to satisfy all claims for losses, and several of the number continue their business with reduced capitals.

The passage of this law, in the opinion of the committee, should be one of the first measures adopted by the Legislature, to enable the insolvent offices to proceed promptly in the settlement of losses according to their ability to pay; to secure to each of the claimants his fair rateable proportion of the assets of the assurers, and no more; and to remove, as speedily as possible, all obstructions in the way of a resuscitation of such of the companies as may be disposed to call in new capitals, and recommence business.

2. The immediate passage of the law about to be applied for by the corporation of New-York, to enable them to effect a loan, and create a city stock for six millions of dollars, to be appropriated to the assumption of the bonds and mortgages in which the capital stock of the insurance companies is principally invested; thereby relieving to that extent the mortgagors, who are spread over the whole of the city, and embrace in their number a large proportion of that class of our citizens, whose avocations preclude them from advantageously raising funds on a sudden emergency, while it furnishes the means of rendering available the property of the companies to the payment of their debts.

3. As there is little reason to hope that the amount of property in buildings and merchanize lost by the fire will fall much short of twenty millions of dollars, the amount of funds to be raised by the corporation loan, together with the sum of two millions agreed to be advanced by the Bank of the United States, will, it is apprehended, be inadequate to afford sufficient relief; and it is therefore respectfully suggested that the Legislature should extend further aid, by passing a supplemental bill, authorising the corporation of the city to increase their loan to ten millions of dollars in the

whole, if necessary, and to appropriate any portion of the surplus that may remain after providing for the bonds and mortgages held by the insurance companies, in affording facilities to the community through the medium of the banks of the city, and adding to the security thereby created a pledge of the faith of the State for the eventual redemption of such stock.

4. Every facility should be granted for the reorganization of the insurance companies, by the passage of a law authorizing the present companies, after they shall have liquidated, by compromise or otherwise, all claims for losses, and cancelled their outstanding policies, to proceed in the creation of a new capital, and to recommence business under their old charters, or to grant new charters at the option of the applicants, dispensing with the legal notice required in applying for new acts of incorporation, or for the alteration of existing ones, extending in some cases the term of their incorporation, and generally by granting such advantages and privileges, not inconsistent with the public good, as may enable them to fill their capital stock, and proceed without delay in effecting new insurances upon the immense amount of property which is now virtually uninsured, or about to be insured in other places at greatly enhanced premiums.

No class of our citizens has suffered so severely, and none are so worthy of commiseration, as the stockholders in the insolvent companies. The former prosperous condition of those companies, the high character of the individuals concerned in their management, and the regularity and apparent certainty of the dividends, conspired to render this species of stock a favorite investment for the property of widows, orphans, minors, persons retired from business, benevolent and charitable institutions, and for small estates in trust. Hence we are called to sympathize with hundreds who have lost their all—who retired to rest on the fatal night of the sixteenth of December, in the comfortable hope that the means were secured, in trusty hands, from whence their future support was to be derived, and awoke to the painful reality that all was lost, and themselves dependent upon the reluctant charity of others.

In the measures recommended for the resuscitation of the companies, relief may be afforded to a limited extent to this interesting class of sufferers, by giving them the preference over all others in subscribing to the new stock, and perhaps realizing thereby a small advance on the sale of it to others better able than themselves to retain it.

It is confidently hoped that the Legislature will repeal all the laws of the State, which by construction may render stockholders liable beyond the amount of their stock, or directors for losses, except such as may be occasioned by their individual misconduct While any doubt remains on this subject, it cannot be expected that the stock of such companies will be taken, or their affairs conducted by persons of character and responsibility; and the owners of property in New-York will be compelled to look for indemnity from loss by fire, to other cities, where such liabilities do not exist.

5. The diminished amount of capital employed in fire insurance being now inadequate to the protection of the property in New-York, and our recent experience of the insecurity of investments in insurance stocks rendering it doubtful if new companies can be filled at present, the committee take the liberty of recommending a repeal of the law prohibiting insurance companies in other States from insuring property in the State of New-York, or subjecting such companies to taxation.

6. The committee are deeply impressed with the good policy of encouraging the introduction of capital into the State at all times, and particularly desirous to urge it as a measure of relief at the present. A loss of such magnitude as that which we now deplore, cannot be overcome without increasing the number of borrowers; and it is therefore important to encourage competition, by increasing the number of lenders. They would, therefore, recommend a repeal of the law subjecting the property of non-resident mortgagees to taxation.

7. Towards the end above alluded to, the Secretary of the Treasury has, with a promptitude that entitles him to our grateful acknowledgements, directed the transmission of as much of the available funds of the Government as could consistently, with other claims, be appropriated to the relief of our community; but this most desirable aid will prove wholly inoperative, unless the existing restrictions on bank discounts are modified to meet the emergency. Immediate action on this head is the more requisite, as the season of extensive transactions is at hand, when our great interior is accustomed to look to the city of New-York, not only as the source of their stated supplies, but as a mart for the products of their own industry. To accomplish this object, we would respectfully suggest the adoption of a law authorizing the banks to regard the public deposites, or other loans of a permanent character, as additional capital, and to increase their discounts in the ratio of such addition.

Several plans embracing detailed views of the best course to be pursued in the application of funds required to be raised, have been placed in our hands by individuals of distinguished character for financial skill and experience: we beg leave to submit them to the consideration of your Excellency, to be disposed of in such manner as you may deem proper.

We have the honor to be,
With sentiments of great respect,
Your Excellency's most ob't serv'ts.

PHILIP HONE,
DANIEL JACKSON,
JAS. B. MURRAY,
CH. AUG'S. DAVIS.
Committee.

PROJET A.

The United States have now in the treasury nearly twenty millions of dollars. It is the right and duty of Congress to place the public money in safe hands. If that can be done, and a low rate of interest obtained for it, instead of leaving it in places *less safe*, and *without interest*, the general weal would be promoted by such a disposition of at least part of the money. This exactly corresponds with the suggestion in the report of the Secretary of the Treasury just issued, that the surplus revenue be invested to meet the anticipated deficit, after the year 1842, in such manner as to disconnect the fiscal agents of the Government from "the dangerous relation of borrowers from the treasury for reloaning, and for private gain."

Now, let the State of New-York offer to take six millions of this money at an interest of *three per cent per annum*, for five or ten years, and pledge its faith to restore it at the time agreed on. If the United States should accept this proposition, which it is believed they will, inasmuch as it would establish no perplexing precedent, nor be subject to any constitutional objection, then it will be in the power of the State of New-York to select trustees, under the guaranty of the city; or otherwise, to exchange or substitute this money for the bonds and mortgages belonging to the insolvent insurance companies, and thus enable them at once to divide their assets among their creditors, preserve mercantile credit unimpaired, greatly facilitate the collection of the public revenue, and what is, perhaps, more important, it would create a fund equal to the difference between the rate of interest to be paid to the United States, and that to be received on these bonds and mortgages, which might justly be applied to the relief of the widows, orphans, and other helpless and dependent persons whose means of subsistence, having been invested in the stock of these insolvent insurance companies, have been prostrated or annihilated.

PROJET B.

In regard to the most advantageous application of the proceeds of a stock to be created under the pledge of the faith of the State or City of New-York, or both, it is proposed that an investment of it in the purchase of the *seven millions of stock* owned by the Government in the Bank of the United States, would be a most beneficial operation.

That stock is something rather extraneous to the ordinary finances of the treasury. It was originally part of the public debt, and as such has been regularly reimbursed; and when paid back under the general and final distribution of the bank, will be, to that extent, a clear surplus, independently of the revenue.

Considering the difficulties between the Government and the Bank, and looking to the length of time before the stock may be ultimately paid, and to the uncertainty of receiving much interest for the ensuing two years, it ought to be the desire, as it appears to be the policy of the treasury to dispose of it promptly, and in the whole upon reasonable terms.

Notwithstanding that the stock of the bank is quoted nominally at above par, yet if so large a portion as the Government share should be brought into the market at any time hereafter, it could not be expected to bring par.

In this view of the case, it is proposed to purchase of the General Government this stock at par, on a credit of ten, fifteen or twenty years, at as low a rate of interest as possible. That the Bank of the United States should immediately cash it in whole or in part, and that the amount so cashed should be disposed of in the purchase of the bonds and mortgages held by the insurance companies.

If it is deemed important to prevent the relation of a borrower and lender between the State and General Government, the State stock could be sold in the market at a handsome premium, which added to the gain on a judicious disposal of the Bank stock would create a large fund to be distributed among the most necessitous sufferers by the failure of the insurance companies, or in such other manner as the State or City might decide.

PROJET C.

The State to create a scrip, redeemable in 20 years, for a sum which, including the amount proposed to be created by the city of New-York, shall be ten millions of dollars; or if New-York should reconsider, and suspend further acting on the proposed loan of six millions, then the State to create as above the sum of ten millions, for account of the city of New-York.

A mixed commission to be appointed to take charge of said scrip, for purposes of sale, distribution and application. This commission to consist of nine members, viz. the Bank Commissioners, (three;) three to be appointed by the corporation of New-York, (to be nominated by the mayor;) and three by the banks of New-York subject to the Safety fund law. The duty of these commissioners shall be,

1. To distribute this scrip among the banks of the city of New-York subject to the Safety fund law, and pro rata to the capital of each bank respectively, and at such rates of premium as shall be agreed upon.

2. Said banks must agree to furnish said commissioners a sum sufficient to purchase from the insurance companies who may have suffered by the conflagration of 16th and 17th December, such bonds and mortgages held by said companies as may in the opinion of said commissioners be deemed good security, giving 30 days'

notice after entering on their duties, for the discharge of this portion of said duty.

3. When this duty shall have been completed, the said commissioners shall report to the Comptroller the amount applied by them to the purchase of bonds and mortgages as aforesaid, and the amount of scrip held by each bank; which amount of scrip thus held by the banks respectively, and not appropriated to the purchase of bonds and mortgages as aforesaid, shall constitute and be used by said banks as so much additional capital, and on which their discount line may be extended as now by law permitted.

4. The premium which may be paid by the banks on the scrip, shall be paid over to the different insurance companies, pro rata with the amount of their capital lost by the fire, to be by them distributed to such of their stockholders who may in their opinion require aid, giving a preference to females, orphans, and infirm persons.

5. The security to be furnished by the banks for the faithful payment of interest and final redemption of the scrip or bonds created by this law, shall be fixed on by the commissioners.

Which several duties being discharged, the commission ceases, and the Bank Commissioners assume the supervision in the usual course of their duties.

As the premium which the banks may be disposed to pay will mainly depend on the rate of interest the bonds may bear, and the facility of negotiating them, it would be agreeable to all parties, as it could be injurious to none, to allow each bank the privilege of indicating on the bonds the place of payment of interest and principal, and also to name a shorter term of payment than the law may allow, as said banks may prefer liquidating at a less remote period than 20 years. On the surrender of the bonds to the city or State, the liability of the banks originally receiving the same, ceases.

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